

## **EB-2024-0136 Stakeholder Consultation**

### **Review of OPG Filing Guidelines**

#### **AMPCO Comments**

The Ontario Energy Board (OEB) is seeking stakeholder input on a proposed update to the OEB's Filing Guidelines for Ontario Power Generation (OPG). The Filing Guidelines were issued on July 27, 2007 and last revised on November 11, 2011. The OEB is not proposing to completely revamp the OPG Filing Guidelines. On May 14, 2024, OEB Staff presented a summary of five proposed amendments to the OPG Filing Guidelines. AMPCO provides comments on Items 3 and 4 as follows:<sup>1</sup>

**Item 3:** Remove year-over-year OM&A cost variance analysis

**Item 4:** Add term-over-term variance analysis for all costs

In past Payment Amounts proceedings, OEB staff indicates it has found little value in year-over-year OM&A cost variance analysis provided in the pre-filed evidence. As a result, OEB Staff has removed the requirement for a detailed year-over-year variance analysis for OM&A costs and added a requirement to provide term-over-term analysis of costs.

AMPCO supports the addition of a term-over-term variance analysis for all costs as it provides a high-level view of the key drivers of changes in the amounts sought for recovery between the two rate terms. However, AMPCO has found the year-over-year OM&A cost variance analysis to be of value and does not support its removal. The analysis explains cost changes from one year to the next due to effects such as completion of work programs, ramping up of work programs, planned outages, all crucial information for parties to understand increases and decreases in spending patterns. Without this analysis, it's likely that the number of interrogatories to root out this information will increase.

In addition, OEB staff specifically sought input on the following topics:

#### **Thresholds for capital projects & OM&A expenses**

OEB Staff seeks feedback on whether the following thresholds for capital projects are still appropriate:<sup>2</sup>

- \$20 million or more
- Between \$5 million & \$20 million

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<sup>1</sup> May 14, 2024 Stakeholder Consultation Presentation Slide 6

<sup>2</sup> Clean Copy of Proposed Changes to Filing Requirements for Ontario Power Generation Inc. p.15

- Less than \$5 million

The thresholds were set in 2011.

For the first two thresholds above, the same information is required to be filed such as name of project, description, start date, in- service date, cost for each project, in-service dates and total costs of all projects in each category. The only difference between the two categories is that for projects greater than \$20 million or more, a Business Case is required for each project. To meet this requirement OPG files existing Business Case Summary (BCS) documents that are already developed internally as part of OPG's project management process.

The \$20 million cost threshold is used internally by OPG for various project management purposes. For example, OPG's Asset Management Oversight Committee Term of Reference indicates the Site Asset Management Oversight Committee (SAMOC) approves an asset investment option with investment cost less than or equal to \$20 million, and recommends an asset investment option with investment cost greater than \$20 million to the Nuclear Asset Management Oversight Committee (NAMOC) for approval.<sup>3</sup> The NAMOC reviews, challenges, and approves/rejects asset investment options as candidates into the asset investment portfolio. NAMOC reviews and approves all submissions with investment cost exceeding \$20 million and updates to the risk profiles for the fleet assets. Only NAMOC may approve asset investment options with investment cost greater than \$20 million after such asset investment options have been recommended for approval by a SAMOC.

OPG's oversight accountability is aligned between the site AMOCs and the Nuclear AMOC depending on the level of the investment required using a \$20 million project cost threshold. AMPCO believes the \$20 million cost threshold has significance at OPG and is still appropriate in OPG's Filing Guidelines. AMPCO does not support a change to the capital project thresholds.

#### OMA Expenses

The OM&A statements for each year should provide a breakdown on a work basis of each major item that meets the threshold of the lesser of 1% of total expenses before taxes or \$20 million. OEB Staff seeks feedback on whether this OM&A project cost threshold is still appropriate. The threshold was set in 2011.<sup>4</sup>

The above OPG project approval process applies to nuclear projects including OM&A projects. In AMPCO's view the \$20 million project cost threshold should also be maintained in OPG's Filing Guidelines with respect to project OMA. AMPCO does not support a change to the OMA project cost threshold of \$20 million.

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<sup>3</sup> EB-2020-0290 Exhibit L-D2-01-AMPCO-014 Attachment 1

<sup>4</sup> Clean Copy of Proposed Changes to Filing Requirements for Ontario Power Generation Inc. p.18

### **Historical Hydroelectric Cost Information**

OPG costs for regulated hydroelectric facilities were last rebased in EB-2013-0321 for 2014 and 2015.

In order to assess actual costs in 2014 and 2015 compared to OEB-approved amounts, AMPCO expects that OPG will provide information back to 2014 as required in the Filing Guidelines. It is AMPCO's understanding that OPG may have difficulty providing the information prior to 2016 at the required level of detail but some information at the category level needs to be provided in order to allow an assessment of cost performance.